

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 CU-02 ISO-00 CIAE-00 DODE-00

PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 OES-07 DLOS-09 ACDA-07

EB-07 TRSE-00 AGRE-00 SNM-02 JUSE-00 DEAE-00 AS-01

/112 W

-----073021 241106Z /14

R 241000Z JUN 77

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3694

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY BANGKOK

DEA BANGKOK

AMCONSUL CHIANG MAI

AMCONSUL MANDALAY

AMEMBASSY KATHMANDU

AMEMBASSY NEW DELHI

USLO PEKING

AMEMBASSY VIENTIANE

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY OSLO

C O N F I D E N T I A L SECTION 1 OF 2 RANGOON 1823

E.O. 11652: GDS

TAGS: PINT, SNAR, EFIS, EAGR, EAID

SUBJ: JOINT WEEKA #24, JUNE 18-24

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1. BURMA NAVY ATTACKS THAI FISHING BOATS (CONF)

ON JUNE 17 A BURMA NAVY PATROL BOAT ATTACKED A NUMBER OF  
THAI FISHING VESSELS. ONE FISHING BOAT WAS SUNK WITH LOSS

OF LIVES AND THREE WERE CAPTURED. BURMESE AND THAI REPORTS DIFFER AS TO DETAILS, E.G. THAI PRESS REPORTS SAY THE FISHING BOAT SANK AFTER BEING RAMMED WHILE BURMESE REPORTS CLAIM IT SANK AFTER HITTING SOME ROCKS. ALTHOUGH FIRST REPORTS FROM THAILAND SAID THE INCIDENT TOOK PLACE IN INTERNATIONAL WATERS, BOTH SIDES NOW SEEM TO AGREE IT OCCURRED WELL WITHIN BURMA'S NEW 200-MILE ECONOMIC ZONE AND PERHAPS WITHIN TRADITIONAL BURMESE TERRITORIAL WATERS, PROBABLY NEAR ST. MATTHEWS ISLAND (VICINITY 0955 N. 9814 E).

COMMENT: THE GUB MAY HAVE DECIDED A SHOW OF FORCE WAS NECESSARY TO DISCOURAGE FURTHER THAI POACHING WITHIN BURMA'S NEW ECONOMIC ZONE. THE INCIDENT RAISED CONCERN THAT IT COULD SET BACK HOPES FOR THAI-BURMA COOPERATION IN OTHER AREAS SUCH AS ANTI-NARCOTICS CAMPAIGNS. HOWEVER, BOTH SIDES APPEAR TO BE TRYING TO LIMIT THE FRICTION CAUSED BY THE INCIDENT. BURMA NAVY AND THAI EMBASSY SOURCES TOLD DEFATT AND ASSISTANT NAVAL ATTACHE THAT THE AFFAIR IS NOT A PROBLEM AT THE GOVERNMENT LEVEL. BURMESE NAVY SOURCES WENT SO FAR AS TO SAY THEY WOULD WELCOME ADDITIONAL THAI PATROL BOATS IN THE MARITIME BOUNDARY AREA, AND THEY WOULD HOPE TO COOPERATE WITH THEM IN PREVENTING INCURSIONS INTO BURMESE WATERS BY THAI FISHING VESSELS.

## 2. JAPANESE AID FOR BURMA (UNC)

ON JUNE 21 THE GOVERNMENT OF JAPAN AND BURMA EXCHANGED NOTES CONCERNING JAPANESE ASSISTANCE TO BURMA. JAPAN AGREED TO PROVIDE OVER \$100 MILLION IN PROJECT AND COMMODITY LOANS  
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TO BURMA. THE PROJECT LOANS OF ABOUT \$70 MILLION WILL BE UTILIZED FOR PROCUREMENT FROM JAPAN OF MACHINERY AND EQUIPMENT FOR THE ASSEMBLY OF TRUCKS, AGRICULTURAL EQUIPMENT AND ELECTRICAL AND ELECTRONIC EQUIPMENT. THE COMMODITY LOAN IS TO BE USED FOR PROCUREMENT OF RAW MATERIALS. TERMS OF THE LOAN INCLUDE AN INTEREST RATE OF 2.75 PERCENT PER YEAR REPAYABLE IN 30 YEARS WITH A 10-YEAR GRACE PERIOD.

COMMENT: (LOU) THIS IS ONE OF THE LARGEST BILATERAL LOANS MADE TO BURMA IN RECENT YEARS AND SOME GUB OFFICIALS QUESTION WHETHER BURMA CAN ABSORB SUCH A LOAN. THE LARGEST SHARE OF THE LOAN WILL GO TOWARD EXPANDING BURMA'S VEHICLE ASSEMBLY PLANT FOR HEAVY AND LIGHT DUTY TRUCKS. GUB SOURCES CLAIM AN ADDITIONAL JAPANESE COMMODITY LOAN OF \$50 MILLION WILL BE NEGOTIATED SOON.

## 3. GUB HOPES TO PURCHASE NORWEGIAN SHIPS (LOU)

FOR THE PAST WEEK GUB OFFICIALS AND A NORWEGIAN GOVERNMENT DELEGATION HAVE BEEN HOLDING DISCUSSIONS REGARDING THE PURCHASE OF ADDITIONAL FREIGHTERS FOR BURMA'S FIVE STAR SHIPPING CORPORATION. THE TWO GOVERNMENTS HAVE NOT YET CONCLUDED AN AGIUEMENT FOR THE PURCHFDE. EARLIER THE GUB HAD APPROACHED THE U.K.

REGARDING PRUCHASE OF VESSELS FOR ITS STATE CORPORATION, BUT  
ACCORDING TO A BRITISH EMBASSY OFFICIAL, BURMA WANTED  
"UNREASONABLY" SOFT CREDIT TERMS.

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DEAE-00 /112 W

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AMEMBASSY TOKYO  
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C O N F I D E N T I A L SECTION 2 OF 2 RANGOON 1823

4. AGRICULTURE: BAD NEWS AND GOOD NEWS (UNC)  
ACCORDING TO REPORTS FROM CENTRAL BURMA THE WEAK MONSOON  
THAT HAS SO FAR PREVAILED THIS YEAR (WEEKA #23, ITEM 4) HAS  
SERIOUSLY DAMAGED THE OILSEED CROP. LACK OF SUFFICIENT  
MOISTURE IN MANY AREAS IS EXPECTED TO CONSIDERABLY REDUCE

OILSEED OUTPUT FROM WHAT IT WAS LAST YEAR. ON THE OTHER HAND,  
WEATHER CONDITIONS IN THE MANDALAY AREA ARE DESCRIBED AS "JUST  
RIGHT" FOR THE PRE-MONSOON LONG STAPLE COTTON CROP. COTTON  
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GROWERS NEAR MANDALAY EXPECT A BUMPER HARVEST.

5. FRENCH AMBASSADOR DIES IN ACCIDENT (UNC)

FRENCH AMBASSADOR FRANCOIS GEOFFROY-DECHAUME WAS FATALLY INJURED IN AN AUTOMOBILE ACCIDENT ON THE PROME-MAGWE ROAD JUNE 18. HIS WIFE WAS SEVERELY INJURED AND A SON SHAKEN UP. A FUNERAL MASS WAS HELD IN RANGOON JUNE 23; MRS. GEOFFROY-DECHAUME AND HER SON WERE FLOWN OUT TO FRANCE THE EVENING OF JUNE 23 ON A SPECIAL PLANE PROVIDED BY THE FRENCH GOVERNMENT. THE DRIVER OF THE AMBASSADOR'S CAR AND A GUIDE, MAJOR BONE, WERE ALSO KILLED.

6. NARCOTICS: ARRESTS AND SEIZURES (UNC)

THIRTY-SIX ADDICTS AND FIVE TRAFFICKERS WERE ARRESTED IN A SMALL VILLAGE NEAR THE THAI BORDER IN THE TENASSERIM AREA OF SOUTHERN BURMA. MERGUI TOWNSHIP PEOPLE'S COUNCIL OFFICIALS CLAIMED THAT ALL THE INHABITANTS OF THE VILLAGE HAD BECOME ADDICTED TO HEROIN NUMBER THREE SMUGGLED IN FROM THAILAND. POLICE IN RANGOON REPORTED THE ARREST OF EIGHT PERSONS FOR HEROIN TRAFFICKING. SMALL AMOUNTS OF NUMBER FOUR HEROIN WERE SEIZED IN EACH CASE. TWENTY-FOUR KILOGRAMS OF RAW OPIM WERE SEIZED AND TWO MEN ARRESTED ABOARD A TRUCK ENROUTE TO LASHIO FROM KUNLONG. POLICE FOUND 10 KILOGRAMS OF RAW OPIUM ON BOARD A MOTOR LAUNCH DEPARTING FOR AN ISLAND OFF THE WEST COAST OF BURMA. ONE ARREST WAS MADE.

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## Message Attributes

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